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Special Liability Coverage Unit

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FAX: 860 954-5857

Direct Dial Number
(860) 954-4860

June 10, 1998

LOWENSTEIN, SANDLER

David M. Wissert, Esq.
Lowenstein Sandier PC
65 Livingston Avenue
Roseland, NJ 07068-1791

JUN 15 1998

RECEIVED

Purported Policyholder: Group R Co., Inc.
Site: Bunker Hill Mining Facility
Coeur d'Alene Basin, Idaho
Re: Potential Inclusion in the United States of America v.
Asarco Incorporated, et al. Lawsuit

Dear Mr. Wissert:

Your letter dated May 27, 1998, addressed to Aetna Casualty & Surety Company, regarding the above captioned matter has been forwarded to this writer for response. I am a member of Travelers¹ Special Liability Coverage Unit ("SLCU"). In such capacity, I am responsible for verifying the existence of any policies allegedly issued to your client, Group R Co., Inc. ("Group R"), and for determining the extent of Travelers obligations, if any, to defend and/or indemnify Group R under any such confirmed policies.

In your most recent correspondence, you provide an update of the current status of the potential claim against Group R at the Bunker Hill mining facility. Your letter also makes reference to a previous letter of yours dated August 29, 1997. This letter was apparently intended to place the former Aetna Casualty and Surety Company (now known as Travelers Casualty and Surety Company) on notice of this matter. Unfortunately, the SLCU possesses no record of having received this notice letter. Please forward to my attention a copy of this original notice material along with any response to this notice that you may have received.

Based upon the information contained in your May 27, 1998 letter, it is evident that Group R will not be included in the United States of America v. Asarco Incorporated, et al. lawsuit. Travelers has no duty to determine its defense obligations, if any, to Group R until such a time as Group R is named and served in this lawsuit. In your letter, you reference policy numbers which appear to be of the vintage typically

¹ "Travelers" includes The Travelers Indemnity Company, Travelers Casualty and Surety Company (formerly known as Aetna Casualty and Surety Company), and their subsidiaries and affiliates.

GRP "R" CDA dm - 0011



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Mr. David M. Wissert, Esq.

June 10, 1998

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assigned to policies of excess indemnity insurance. Please be advised that excess indemnity policies most likely do not contain a provision requiring Travelers to provide a defense for its insured. Therefore, in all likelihood, Travelers will have no obligation to defend Group R if it is indeed named as a defendant in this lawsuit. Nevertheless, if any other claims have been made against Group R regarding this site, please provide me with notice and the particulars of such claims as soon as possible. Upon receipt of this information, I will continue my consideration of this matter.

Pending further review of this matter, Travelers fully reserves its rights. Neither this acknowledgment, nor any future communication or investigation, should be deemed or construed as an admission that coverage is available for this matter, or as a waiver of any right or defense to coverage available to Travelers (whether under its alleged contracts of insurance, or at law or in equity), or as an expansion of any duties which may be subsequently acknowledged by Travelers (if any). Without limitation of the foregoing, Travelers specifically reserves its right to decline coverage in the event that any conditions of its alleged insurance contracts (including but not limited to those pertaining to notice, cooperation, voluntary payments, mitigation, impairment of subrogation, etc.) have been breached.

If you have any questions regarding the coverage issues raised by this matter, please call me at the direct dial number given above or leave a message for me at our toll-free number (1-800-954-9633), and I will return your call as soon as possible.

Very truly yours,



James L. Tetreault

Assistant Account Executive

JLT213

cc: SLG-HOECU